

**AUTHORIZE FINAL RENEWAL AGREEMENT WITH MB REAL ESTATE SERVICES INC FOR
PROPERTY MANAGEMENT SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize final renewal agreement with MB Real Estate Services, Inc to provide property management services for the 125 South Clark building ("Building") at a cost not to exceed \$2,559,384 (\$316,656 in management fees and \$2,242,728 in operating expenses). A written document to exercise this option is currently being negotiated. No payment shall be made to MB Real Estate Services, Inc during the option period prior to execution of the written document. The authority granted herein shall automatically rescind in the event a written document is not executed within 90 days of the date of this Board Report. Information pertinent to this option is stated below.

Specification Number : 08-250022

Contract Administrator : Hernandez, Miss Patricia / 773-553-2280

VENDOR:

- 1) Vendor # 30356
MB REAL ESTATE SERVICES, INC
181 WEST MADISON
CHICAGO, IL 60602
Kevin Purcell
312 726-1700

USER INFORMATION :

Contact:

11910 - Real Estate

125 South Clark Street 17th Floor

Chicago, IL 60603

Balistreri, Ms. Liza B

773-553-2901

ORIGINAL AGREEMENT:

The original Agreement (authorized by Board Report 09-0225-PR5) in the amount of \$6,703,296 (\$809,800 in management fees and \$5,893,496 in disbursement funding) is for a term commencing July 1, 2009 and ending June 30, 2012, with the Board having two (2) options to renew for two (2) years each. The first option was exercised, and the Agreement was subsequently renewed (authorized by Board Report 12-0425-PR10) for a term commencing July 1, 2012 and ending June 30, 2014. The original agreement was awarded on a competitive basis pursuant to Board Rule 7-2 through a duly advertised Request for Proposal.

OPTION PERIOD:

The term of this agreement is being renewed for nine (9) months commencing July 1, 2014 and ending March 31, 2015. CPS shall have the right to terminate the agreement upon 60 days written notice.

OPTION PERIODS REMAINING:

There are no option periods remaining.

SCOPE OF SERVICES:

Vendor during the option period will continue to provide property management services, including maintenance and all operations of the Building, as follows:

Management Services

- 1) Manage, maintain and operate the Building.
- 2) Hire, supervise and oversee the building engineers.
- 3) Provide full financial accountability and report of income from and expenses of the Building.
- 4) Prepare financial and management reports and maintain appropriate records.
- 5) Manage and coordinate relations with Building occupants, including administration of all leases, communication with occupants, recording of rent collections, and provision of responsive occupant services.
- 6) Administer, interact with, and coordinate the performance of and pay for all goods and services from the Disbursement Account required in the operation of the Building.
- 7) Administer and coordinate capital improvements as directed by the Board.
- 8) Maintain all physical areas within the Building to assure that high levels of cleanliness, state of repairs, and aesthetic appeal are sustained in compliance with specifications as determined by the Board.
- 9) Operate and maintain all Building heating, ventilating and air conditioning systems and all other mechanical, electrical and plumbing systems.
- 10) Advise the Board, on an ongoing basis, as to building code compliance, liability, life safety, environmental contamination, and the American with Disabilities Act (ADA) compliance.
- 11) Maintain a Disbursement Account per appropriate industry standards; and maintain an electronic/telephone work order system.

Portfolio Management

- 1) Make recommendations regarding lease terminations and renewals.
- 2) Give timely notification and advice regarding lease renewal timelines or the exercise of lease options.
- 3) Analyze, benchmark and supply market data to support proposed leasing transactions.

Auditing

- 1) Generate a monthly report that compares actual expenses versus projected expenses, determining and identifying any discrepancies.
- 2) Provide monthly report on the status of work orders, other projects, including project timelines and action plans, reconciliation of accounts, and rent roll.

DELIVERABLES:

Vendor will continue to provide full financial accountability and reporting of income and expenses of the Building and prepare the annual operating and capital expenditure budget relating to the Building in conjunction with the Department of Operations.

OUTCOMES:

Vendor's services under the renewed Property Management Agreement will enable the Building to operate on a day-to-day basis.

COMPENSATION:

Vendor shall be paid in accordance with pricing set forth in the Agreement; total compensation not to exceed the sum of \$2,559,384.

FUNDING OF DISBURSEMENT ACCOUNT: The Board shall fund a Disbursement Account in the amount of the annual approved budget for the operation of the Building, which account will be funded on a monthly basis in the amount equaling approximately 1/12 of the annual budget. Some monthly fluctuation may occur due to seasonal and/or one-time expenses. Vendor shall pay all vendor expenses and all other operations and management expenses for the Building from this account on behalf of the

Board and shall account for all expenses paid from this account. The Disbursement Account shall not include funding for utilities or capital expenses for the Building. Although Vendor will manage and monitor the utilities and capital projects for the Building, these expenses will be paid directly by the Board.

AUTHORIZATION:

Authorize the General Counsel to include other relevant terms and conditions in the written option document. Authorize the President and Secretary to execute the option document. Authorize Chief Operating Officer to execute all ancillary documents required to administer or effectuate this option agreement.

AFFIRMATIVE ACTION:

The M/WBE goals for this agreement included 25% total MBE and 5% total WBE participation. However, the Office of Business Diversity recommends a partial waiver of the goals required by the Remedial Program for Minority and Women Owned Business Enterprise Participation in Goods and Services Contracts, be granted due to the contract scope being not further divisible.

The vendor has identified the following:

Total MBE: 28%

Triad Consulting Services
118 North Clinton, Suite 200
Chicago, Illinois 60606
Contact: Nikki Zollar

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Fund 115
Real Estate, 11910
FY15: \$2,559,384
Management fees and on-site personnel: \$316,656
Funding of Disbursement Account: \$2,242,728
Future year funding is contingent upon budget appropriation and approval.

CFDA#: Not Applicable

GENERAL CONDITIONS:

Inspector General - Each party to the agreement shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.

Conflicts - The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their terms of office.

Indebtedness - The Board's Indebtedness Policy adopted June 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics - The Board's Ethics Code adopted May 25, 2011 (11-0525-PO2), as amended from time to time, shall be incorporated into and made a part of the agreement.

Contingent Liability - The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:




SÉBASTIEN de LONGEAUX
Chief Procurement Officer

Approved:



BARBARA BYRD-BENNETT
Chief Executive Officer

Approved as to Legal Form: 



JAMES L. BEBLEY
General Counsel